

PRIORITY

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FOREIGN SERVICE DESPATCH

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TO : THE DEPARTMENT OF STATE, WASHINGTON.

January 29, 1959

DATE

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18 For Dept. Use Only	ACTION	DEPT.
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SUBJECT:

Remarks of Helmut BURKHARDT, Chairman of the
Unternehmensverband

Helmut Burkhardt, Chairman of the Unternehmensverband and spokesman of the Ruhr coal operators, at a recent celebration of Eschweiler Bergwerk-Verein, spoke on national coal policies, rationalization and marginal mines. In view of the recent visit to the United States by Herr Burkhardt and the general interest in the Federal Republic's coal problem, a summary of Herr Burkhardt's remarks are transmitted herewith.

It appears certain, Burkhardt said, that the present low of the market will be followed by another upswing in demand, and no structural change has taken place in the overall energy economy which would really jeopardize coal as an energy factor. Coal will continue to hold its position in free competition, if that competition remains open to it. However, "we have been subjected to a special order of competition which is not easy to understand in European terms of thinking and which, in any case, narrows our economic and commercial flexibility. A Government which has undertaken these measures should, however, now take care that the resulting handicaps don't lead towards worsening our competitive position vis-a-vis other sources of energy. What concerns us, after all, are the sources of energy competing against us."

The advice to close down marginal mines is easier to give than to realize. Normally, a mine is the most important source of income of an entire community and the basis on which thousands of people make their living. One should also distinguish between closing down in order to rationalize and closing down because of lack of demand. Closing down for rationalization has been very difficult in the past, since each ton produced was urgently needed, and mining was under the continuous pressure from price controls which did not permit raising of adequate financial means for rationalization. Rationalization now would have to be accomplished under much more unfavorable conditions.

Closing down

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Closing down because of a lack of demand raises more serious problems, and the Federal Chancellor clearly stated that this should not take place, and the mining industry is trusting this promise. However, such closings would not even be necessary, if the mining industry's competitive disadvantages were eliminated. Moreover, whoever should ask the German coal production to be cut down, without having given coal its real chance in competition, should also realize the tremendous social and political problems involved. Over the long range, the total German economy will have to share the consequences by becoming more dependent upon outside sources of energy which, over the longer term, always have been and will be in the future more expensive than domestic energy.

For the Ambassador:

Henry J. Tasca
Minister for Economic Affairs

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